

IRS News Release

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IRS and Treasury Provide Guidance to Hybrid Manufacturers

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WASHINGTON — Today the IRS and Treasury have provided guidance on a process that manufacturers can use to certify the amount of credit the purchaser of a hybrid or lean burn vehicle can claim. Taxpayers who are purchasing these vehicles will be able to rely on the manufacturer's certification when they claim the credit on their tax return.

The tax credit for hybrid vehicles, which was enacted by the Energy Policy Act of 2005, may be as much as \$3,400 for those who purchase the most fuel-efficient vehicles. Hybrid vehicles have drive trains powered by both an internal combustion engine and a rechargeable battery. Many currently available hybrid vehicles will qualify for the tax credit. The guidance also provides a similar certification process for advanced lean burn technology vehicles.

Since taxpayers may claim the full amount of the allowable credit only up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th hybrid and advanced lean-burn technology motor vehicle, consumers seeking the credit may want to buy early in the year.

The Energy Policy Act also provides tax credits for motor vehicles that are not covered by today's guidance. The other vehicles eligible for credits are fuel cell vehicles, alternative fuel vehicles, and hybrid heavy trucks. The IRS will issue guidance providing certification procedures for these vehicles in the near future.